



County of Los Angeles Public Library ■ [www.colapublib.org](http://www.colapublib.org)  
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Margaret Donnellan Todd  
County Librarian  
May 18, 2010

The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, California 90012

Dear Supervisors:

**RATIFICATION OF RETROACTIVE PAYMENTS FOR SERVICES  
AND AUTHORIZATION OF DELEGATED AUTHORITY TO  
INCREASE ANNUAL CONTRACT AMOUNT  
(ALL SUPERVISORIAL DISTRICTS) (3 VOTES)**

**SUBJECT**

The Public Library is recommending that the Board of Supervisors (Board) ratify the payments made by the Department in prior years for services that exceeded the maximum annual contract amount, and authorize and delegate authority to the County Librarian to increase the maximum annual contract amount for unanticipated custodial and landscape services.

**IT IS RECOMMENDED THAT YOUR BOARD:**

1. Ratify retroactive payments in the total amount of \$80,804.52 made by the Public Library over multiple annual contract periods to Matrix Building Maintenance, Inc., dba MBM Professional Janitorial Services (\$1,680.41), and Sepco Earthscape, Inc. (\$79,124.11) for services that exceeded the maximum annual contract amount of two custodial services contracts, including 76130 and 76132, and four landscape services contracts, including 75269, 75463, 75369, and 76752.
2. Authorize and delegate authority to the County Librarian or her designee to approve and execute amendments to increase the annual contract amount of four custodial services contracts, including 76126, 76131, 76130, and 76132, and three landscape service contracts, including 75269, 75369, and 76752, for the estimated cost of unanticipated work within the scope of the contract, on a year-to-year basis, not to exceed 10% of the current annual contractor's fee, for the remaining contract term including option years.

**PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

The County Librarian directed a comprehensive review of our current service contracts based on her long standing concern regarding the management of the Public Library's contracts in light of previous difficulties in recruiting for key contracting positions and extended vacancies in those positions as a result of recruitment issues. The scope of the comprehensive review included 19 contracts covering multiple annual contract periods (extending as far back as 2005-06). Contracting staff reviewed Board letters, contract documents, and invoices, in order to determine whether or not the services that were ordered and paid for in prior annual periods were within the authorized scope, term, and amount of valid Board-approved contracts.

Approval of the recommended actions will allow the Public Library to rectify the problems discovered in its custodial and landscape services contracts during the review. These problems occurred in prior years due to significant and ongoing vacancies in the Public Library's contracting unit, lack of proper contracting training, and inappropriate management-directed work procedures which led to a serious violation of internal control policies.

#### RATIFICATION OF RETROACTIVE CONTRACT PAYMENTS

Approval of the first recommended action will ratify retroactive payments made by the Public Library in prior years for services in six contracts which exceeded the maximum annual contract amounts.

These payments were made in two custodial and four landscape services contracts over multiple annual contract periods. The Public Library reviewed all contract payments and determined that they were for authorized and legitimate services, and that the services were performed during an unexpired contract term. The affected contracts and retroactive payments are summarized in Attachment A.

Retroactivity occurred because these six contracts were not amended, either by the Board or the County Librarian under a delegated authority, to increase the maximum annual contract amount to cover the cost of unanticipated services. The Public Library's contracting staff researched all departmental contracting documents and no records were found showing that such amendments were executed or initiated.

All invoices that exceeded the maximum annual contract amounts were paid. The payments were processed because contract budget amounts were established at a higher amount than what was approved by the Board or by delegated authority. Previous work procedures, which were established by the former Contracts Manager, who was under the direction of the former Assistant Director of Finance and Planning, allowed contracting and budget staff to add in eCAPS up to an additional twenty percent of the annual contract amounts for unanticipated work without requiring properly executed amendments. The Department recognizes that this is a serious violation of the Auditor-Controller's internal control policies and has discontinued this practice.

Lack of proper contract training, significant and ongoing vacancies, and recruitment difficulty in the Public Library's contracting unit contributed to the problem due to the lack of consistent performance and uneven experience levels in the staff. Lack of proper training also resulted in staff's failure to recognize the retroactivity prior to the comprehensive review.

Another factor contributing to the retroactivity was the lack of action by the Public Library's contractors to notify the County when they had incurred seventy-five percent (75%) of the total contract authorization. While the oversight by the contractors does not excuse the occurrence of this

retroactivity, this notice would have provided an alert to the Public Library's contracting staff.

Both the former Contracts Manager and the former Assistant Director of Finance and Planning, who were jointly responsible for contracting management oversight, have retired from County service. The Public Library's management reorganization in June 2009 allowed the Public Library's Administrative Deputy position to focus more directly on providing the necessary management oversight over countywide processes and procedures, including contracting, procurement, fiscal, and human resources. This was not possible previously since the former Assistant Director of Finance and Planning had a very broad range of responsibilities, which included all those of the current Administrative Deputy as well as responsibility for capital projects, facilities planning, and facilities maintenance functions.

#### -- Retroactive Contracts Review Committee

The Chief Executive Office has established a three-member Retroactive Contract Review Committee (RCRC), consisting of staff from the CEO, serving as chair, the Auditor-Controller and the Internal Services Department. The role of the RCRC is to review all retroactive requests, including the corrective action plans, prior to their submission to the Board. The RCRC reviewed and discussed the retroactive contracts with the Public Library and has approved this submission to the Board.

A Corrective Action Plan has been developed by the Department to prevent recurrence of these errors. The Department has implemented improved management controls and work procedures under the Corrective Action Plan. These include:

- ensuring that the maximum annual contract amount for custodial and landscape contracts include an annual estimate for unanticipated work established by Board approval or delegated authority;
- implementing an approval process to ensure that requested unanticipated services are within the scope and maximum amount of a valid contract;
- using the maximum annual contract amount established by Board approval or delegated authority as the annual contract amount in eCAPS;
- requiring the Contracts Manager to approve all eCAPS input documents related to contract amounts and encumbrances;
- independent verification by fiscal staff of contract documents and eCAPS entries before approval of contract encumbrances and payments;
- requiring Internal Services Department's contract training for contracting and key fiscal staff, and management staff who are responsible for contracting oversight;
- ensuring that contractors are adhering to contractual obligation by notifying the County when it has reached 75% of the annual contract authorization;
- conducting a third-party review by the Public Library's fiscal compliance unit on a semi-annual basis to ensure that contracting work procedures under the Corrective Action Plan are being followed;
- having affected employees sign the Corrective Action Plan work procedures and conducting monthly and quarterly reviews to ensure that work procedures are being followed.

The Corrective Action Plan was reviewed with the RCRC and minor changes were incorporated in the plan as recommended by members of the Committee. The Public Library has implemented the following corrective measures:

- The annual contract amount for three custodial and two landscape services contracts that were recently approved by the Board included an annual estimate for unanticipated services.

- An amendment was executed for one landscape services contract which was authorized by delegated authority to increase the annual contract sum for unanticipated services.
- The eCAPS Encumbrance Internal Control Plan was revised by the Public Library and approved by the Auditor-Controller requiring the review and approval of all eCAPS input documents related to contract amounts and encumbrances by the Contracts Manager.
- The eCAPS input document form was revised to track contract amount and encumbrance transactions ensuring that both amounts do not exceed the annual contract amounts established by the Board or by delegated authority.
- All contracting staff completed the two-day Introduction to Basic Principles of County Contracting training provided by the Internal Services Department (ISD) as of February 2010.
- The new Contracts Manager and Administrative Deputy completed the two-day Introduction to Basic Principles of County Contracting training provided by ISD as of February 2010.
- A shared folder was established in the Public Library's network as a repository for electronic copies of all adopted Board letter, and executed contracts and amendments, to allow independent verification of relevant contract documents by eCAPS reviewers prior to online approval.
- A joint meeting by contracting, budget and fiscal staff was conducted to discuss additional opportunities for internal contracting process improvements.

#### DELEGATION OF AUTHORITY FOR UNANTICIPATED SERVICES

Approval of the second and third recommended actions will authorize and delegate authority to the County Librarian to increase the maximum annual contract amount of seven contracts to cover the cost of unanticipated custodial and landscape services. The recommended delegated authority is needed for the remaining term of the contracts, including option years.

Your Board's approval of this recommendation will provide a mechanism, which does not currently exist in four custodial and three landscape services contracts, that would allow the Public Library to properly use these contracts for unanticipated services. The affected contracts are summarized in Attachment A.

Performance of unanticipated work is critical to the Public Library's operation. The need for such work arises out of health and safety emergencies, extraordinary incidents such as vandalism and third party negligence. Examples of unanticipated services include:

- Emergency cleaning of library facilities, including soiled restrooms or main library areas, due to accidents, vandalism or equipment failure.
- Special cleaning, including post-construction/renovation cleaning
- Special event cleaning and landscape services
- Emergency repairs of irrigation systems, due to accident, vandalism or equipment failure.
- Emergency mitigation of safety issues related to trees
- Repair of landscaping due to accidents, vandalism or equipment failure

#### **Implementation of Strategic Plan Goals**

Approval of the recommended award is consistent with the County's Strategic Plan Goals in the areas of Operational Effectiveness (1) and Community and Municipal Services (3).

#### **FISCAL IMPACT/FINANCING**

Actual usage of the contracts for unanticipated custodial and landscape services will be contingent upon the Public Library's budget and needs. Funding for unanticipated work is included in the Public Library's Fiscal Year 2009-10 Operating Budget.

**FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

Each of the above the above referenced contracts were established through a competitive solicitation process conducted by the Department and awarded by the Board of Supervisors.

**ENVIRONMENTAL DOCUMENTATION**

The recommended actions are not subject to the California Environmental Quality Act (CEQA) because they do not constitute a project according to Section 15378 of CEQA.

**IMPACT ON CURRENT SERVICES (OR PROJECTS)**

Approval of the recommended actions will allow the Public Library to use existing custodial and landscape services contracts for unanticipated work due to health and safety emergencies and extraordinary incidents.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "Margaret Donnellan Todd". The signature is fluid and cursive, with the first name "Margaret" being the most prominent.

MARGARET DONNELLAN TODD  
County Librarian

MDT:TM:YDR:MR:bf

Enclosures

c: Chief Executive Officer  
County Counsel  
Executive Officer, Board of Supervisors  
Auditor-Controller

**COUNTY OF LOS ANGELES PUBLIC LIBRARY**  
**SUMMARY OF REQUIRED BOARD ACTIONS**

Contract Number	Service Area	Contract Expiration Date*	Vendor	Ratification of Retroactive Contract Payments		Delegation of Authority for Unanticipated Services	
				Period	Amount	Required	Remaining Contract Term
CUSTODIAL SERVICES							
76126	4	1/31/13	Diamond Contract Services, Inc.	-	\$ 0.00	Yes	1.5 base years and 2 option years
76131	6	6/20/12	Diamond Contract Services, Inc.	-	\$ 0.00	Yes	2 base years and 1 option year
76130	8	6/20/12	Matrix Building Maintenance, Inc. dba MBM Professional Janitorial Services	6/21/08 - 6/20/09	\$ 125.40	Yes	1 base year and 2 option years
76132	LHQ	6/20/12	Matrix Building Maintenance, Inc. dba MBM Professional Janitorial Services	6/21/07 - 6/20/09	\$ 1,555.01	Yes	2 base years and 1 option year
LANDSCAPE AND GROUNDS MAINTENANCE SERVICES							
75269	3	5/31/12	Sepco Earthscape, Inc.	6/01/05 - 5/31/09	\$ 42,854.70	Yes	3 option years
75463	4	12/31/12	Sepco Earthscape, Inc.	6/01/06 - 12/31/09	\$ 12,970.00	No	-
75369	5	9/14/12	Sepco Earthscape, Inc.	9/15/05 - 9/14/09	\$ 19,320.41	Yes	3 option years
76752	6	11/30/15	Sepco Earthscape, Inc.	12/1/08 - 11/30/09	\$ 3,979.00	Yes	2 base years and 4 option years
			Total Retroactive Payments		\$ 80,804.52		
			Total Contract Count	6		7	

\*Includes Option Years